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C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000573

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STATE FOR EAP/CM  
NSC FOR DENNIS WILDER

E.O. 12958: DECL: 9/6/2017  
TAGS: [PREL](#) [PGOV](#) [ETRD](#) [CH](#) [TW](#) [KN](#)  
SUBJECT: AMBASSADOR DISCUSSES U.S.-CHINA RELATIONS WITH SHANGHAI  
ACADEMICS

CLASSIFIED BY: Clark T. Randt, Ambassador, , U.S. Embassy  
Beijing.  
REASON: 1.4 (b), (d)

¶1. (C) Summary: During a September 3 breakfast hosted by the Ambassador, five leading Shanghai academics spoke positively about U.S.-China relations, which one described as stable and predictable. Shanghai Institute for International Studies Vice President Yang Jiemian expressed concern, however, that the United States might lose focus on building the relationship in the period ahead, with the coming election and change in Administration. They identified Taiwan and trade relations as major challenges. While they appreciated recent United States statements on Taiwan, they urged that the United States do more to stop Taiwan's UN membership referendum. Jiaotong University Zhuang Jianzhong and Shanghai Institute of American Studies President Ding Xinghao agreed that if Taiwan held the referendum it would "touch, but not go over" the Anti-Secession Law's redline. The Ambassador stressed that President Bush remained determined to improve U.S.-China relations. The Ambassador added that the Administration's position on Taiwan has been firm and consistent. The United States opposes the proposed UN referendum. End Summary.

U.S.-China Relationship: Stable and Predictable  
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¶2. (C) Ambassador Randt hosted a breakfast for Shanghai's premier U.S.-China relations experts on September 3. At the breakfast were Shanghai Institute of International Studies Vice President Yang Jiemian (brother of Foreign Minister Yang Jiechi), Shanghai Academy of Social Sciences Vice President Huang Renwei, President of the Shanghai Institute of American Studies Ding Xinghao, Vice Director of the Center for RimPac Studies at Jiaotong University Zhuang Jianzhong, and Jiaotong University School of International and Public Affairs Dean Hu Wei. Consul General, Pol/Econ Chief, Ambassador's Special Assistant and Poloff also attended the breakfast.

¶3. (C) The academics were pleased with the state of U.S.-China relations. Yang characterized the relationship as stable and predictable and attributed this to the joint efforts of both countries. He referred to approximately 46 bilateral mechanisms

for formal discussions, and assessed that relations at all levels of the governments are good. In addition, the relationship has moved far beyond bilateral cooperation to cooperation on regional and global issues such as North Korea and Darfur.

¶4. (C) Ding Xinghao added that there are also signs that the future of the relationship would be positive. First, as long as both countries viewed the bilateral relationship in the framework of globalization then it would be easier for the two countries to manage bilateral issues. Second, both sides had created a "good atmosphere" which should help the relationship as it develops. Third, from the Chinese people's perspective, the United States has become "more mature and rational" in its actions.

¶5. (C) The academics were concerned that with the upcoming election and the change in leadership in the United States, the USG would not be as focused on developing U.S.-China relations. Yang Jiemian noted the resignation of Executive Branch officials and worried that the USG would act as a "caretaker" rather than as a forward looking government. This might reduce the determination of the Executive Branch to push forward U.S.-China relations. The Ambassador assured Yang that this was decidedly not the case. The USG would remain focused and active. Hu Wei observed that the bilateral relationship had become more and more dependent on political leaders in both countries and their vision of the relationship. As President Bush finishes his tenure, it is unclear if his successor would be able to maintain stability in the relationship. In addition, the Chinese masses are more "radical" and critical of the United States than the Chinese leadership. He believes this trend will continue; Chinese citizens will become even more radical and nationalistic as China's economy developed. He urged that the United States do more to improve its image in China. Yang agreed with Hu and

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noted that many young people had a negative view of the United States. The Ambassador asked the academics for suggestions as to what the United States could do, in their view, to improve its image in China. Yang urged the United States to conduct more public outreach aimed at the grassroots level as enshrined in Secretary Rice's Transformational Diplomacy initiative.

Taiwan: U.S. Must Do More  
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¶6. (C) While they were pleased with recent United States statements on Taiwan, the academics believed that the United States needs to do more to stop Taiwan's UN membership referendum. Huang Renwei said that recent United States statements had given him some confidence that both Washington and Beijing believes they have a common responsibility to avoid a crisis in cross-Straits relations. Chen Shui-bian is not the real problem, Huang said. The real concern is the reaction in Taiwan and in the Mainland to Chen's initiatives. Zhuang agreed that cooperation between the United States and Beijing on Taiwan had been good so far. He welcomed recent statements by the Deputy Secretary and NSC Senior Director for Asian Affairs Dennis Wilder, which made clear that the United States opposed the UN referendum. However, this was not enough and China needed the United States' help in stopping the referendum.

¶7. (C) Ambassador Randt stressed that the President has been very firm and consistent on Taiwan. The Consul General added that China should not overreact and paint itself into a corner if the referendum was to occur. Huang said that he also hoped that China would not overreact. However, using the name "Taiwan" had already gone beyond the bottomline and was "almost close" to the Anti-Secession Law's redline. Zhuang and Ding added that holding the referendum would "touch, but not go over" the redline.

Trade and Food Product Safety  
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¶8. (C) Huang described trade issues as another major challenge for the relationship. Although the trade relationship is currently under control, it needed to be carefully managed. All of the academics downplayed the food safety issue. Huang said that the media has exaggerated the food safety issue. Only one percent of food products exported from China to world markets failed to meet standards. China hopes to move to a new stage of economic development and shift production away from cheap products to more high-tech products. China is considering how to improve its exports. Ding noted that persons in the United States also shared blame for the problems of unsafe food and toys because problems with those goods had not been detected before they were allowed to enter the United States market.

¶9. (C) The Ambassador noted that the Strategic Economic Dialogue (SED) led by Treasury Secretary Paulson is specifically designed to help manage the economic and trade relationship. The SED provides context and stability to the relationship and would help both countries avoid future economic conflicts. He warned that Congress would likely become more vocal about trade issues as the United States enters the upcoming election year. There will likely be some bills introduced in Congress about the trade relationship. We need to be able to show Congress progress on these issues.

#### Mil-Mil Relationship Improving; East Asian Regional Blocs

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¶10. (C) Zhuang noted the August visit to China of CNO Admiral Michael Mullen, which he believed to be a milestone for the mil-mil relationship. The trip received positive coverage in the Chinese media and should have a positive impact on the overall U.S.-China relations. The Ambassador agreed and urged that PLA General Jing of China's Second Artillery accept the invitation by the head of the United States Strategic Command to visit the United States.

¶11. (C) Several of the scholars expressed concern about the nascent League of Democracy (United States, India, Japan and Australia) and whether that initiative is intended to contain China. The Ambassador said the League of Democracy should not

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be seen as a regional bloc directed at any other country. The USG did not want the world to go back to Cold War regional blocs and noted the negative potential of the Shanghai Cooperation Organization (SCO) in this regard.

¶12. (C) Huang noted that the East Asia geopolitical situation is changing. There are currently two systems in East Asia. One consists of the United States and its allies. The other is organizations such as the SCO and the ASEAN 10 plus 3, as well as the Six-Party Talks process. These two systems are not in conflict and should not be compared to the NATO and Warsaw Pact systems. Organizations in these two systems are integrated and work together. He urged that the United States and China further discussions about participation in these organizations to prevent any misunderstandings.

#### Olympics: Safe, Smooth, and Room for Protestors

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¶13. (C) In response to a question about United States attitude towards the Olympics, the Ambassador reiterated the USG desire that the Olympics be safe and successful. He expressed concern about security, counterterrorism, and the treatment of protestors and dissidents at the Olympics.

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